

City Council Minutes
Tuesday, June 6, 2023

Special Meeting
City Hall Council Chambers

Tuesday, June 6, 2023
6:00 p.m.

Councilor Ferris-present
Councilor Daniels-absent
Mayor Phanthay-present

Councilor Goss-present
Councilor Morin-present

Mayor Phanthay declared that a quorum was present. City Manager Stephen Bost was also present.

Mayor Phanthay led members of the council and others present in reciting the pledge of allegiance to the flag of the United States of America.

Mayor Phanthay read the notice for the regular meeting.

TO: Joseph Ferris, Jerry Goss, Michele Daniels, Jenn Morin, and Soubanh Phanthay; MEMBERS OF THE BREWER CITY COUNCIL. You are hereby notified that a special meeting of the City Council of the City of Brewer will be held on Tuesday, June 6, 2023 at 6:00 p.m., at 80 North Main Street, to consider and act on the items on the attached agenda.

s/ Soubanh Phanthay
Mayor and Chairman of the City Council
Or _____
Majority of the City Council

a true copy, attest: s/Vincent P. Migliore
City Clerk

OFFICER'S RETURN

I have on the date(s) and time(s) indicated given notice of this meeting by giving in hand of by leaving at the usual dwelling place of the within named an attested copy of this notice of meeting:

Given/Delivered to:	by (person delivering)	Title	Date	Time
Joseph L. Ferris	Hacker	Off.	06/02/2023	17:03
Jerry Goss	Hacker	Off.	06/02/2023	16:31
Michele Daniels	Hacker	Off.	06/02/2023	16:38
Jenn Morin	Hacker	Off.	06/02/2023	16:20
Soubanh Phanthay	Migliore	CC.	06/02/2023	15:32

CITY COUNCIL REGULAR MEETING
Tuesday, June 6, 2023 6:00 P.M.
Brewer City Hall Council Chambers

- I. Call to Order** (Mayor Phanthay)
- II. Roll Call** (City Clerk)
- III. Pledge of Allegiance to the Flag of the United States of America** (Mayor Phanthay)
- A. Meeting Minutes** (None)
- B. Awards, Petitions and Public Comments**
 - 1. Presentation: Fiscal Year 2024 City and School Budgets.
 - 2. Public Comments
- C. Consent Calendar** (None)
- D. Monthly Reports** (None)
- E. Nominations, Appointments, Elections** (None)
- F. Unfinished Business** (None)
- G. New Business** (None)
- H. New Items with Leave of Council**
- I. ADJOURN**

A. Meeting Minutes

There were no meeting minutes.

B. Awards, Petitions and Public Comments

- 1. Presentation: Fiscal Year 2024 City and School Budgets.

Mayor Phanthay introduced City Manager, Stephen Bost and City Finance Director, Karen Fussell, to present the City of Brewer's Consolidated Municipal Budget for Fiscal Year 2024. The City Manager read the Fiscal Year 2024 Brewer Consolidated Budget Committal Letter into the record.

To: Mayor Phanthay
Members of the City Council

From: Stephen Bost, City Manager

Date: June 2, 2023

Re: **FY2024 City of Brewer Consolidated Budget**

It is my privilege to submit for your consideration the City of Brewer consolidated municipal budget for fiscal year 2024.

While Brewer has not escaped the inflationary pressures affecting the rest of the state and nation, we are pleased to present a budget to you that maintains service levels for Brewer citizens and also provides a substantial reduction in the City's mil rate. This is due, in large part, to the City Council's foresight in

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adopting conservative budgets during the uncertain COVID years as well as continued support from Augusta for statutory levels of revenue sharing and education aid.

FY2024 Budget Highlights

- The budget lowers the City's mil rate by \$1.00, to \$20.90 per \$1,000 of assessed valuation. Brewer's estimated 9% increase in its tax base reflects appreciation in the real estate market and sale prices that continue to come in well above the City's assessed values. We are pleased to be able to offer a significant mil rate decrease, which will help offset the valuation adjustments needed to keep pace with changing market conditions. This is the fourth year in a row the City has been able to lower its mil rate, which will now be at a pre-2014 level.
- The proposed \$16.7 million City budget increases municipal expenditures by 7.1%. Inflation and a tight labor market have pushed costs higher across the board. The City's budget for electricity is up 44%, with utilities overall adding \$150,000 to the FY24 request. Health insurance costs are under pressure as well. The budget anticipates a 10% increase in premiums on January 1, and we have experienced a noticeable increase in the number of employees joining the City's plan and the level of coverage they need.

While not as large as last year, we expect about a 20% increase in Brewer's share of Community Connector costs due to higher labor costs, declining federal subsidies, and the third of seven scheduled increases in our annual contribution to a capital reserve.

The budget maintains current municipal service levels and staffing. It includes a cost-of-living adjustment for nonunion staff that keeps pace with inflation and also provides scheduled adjustments for our union employees, who are entering the last year of their three-year contracts. The City continues to experience turnover in staff, with many departures driven by the opportunity for higher wages elsewhere. Providing competitive pay rates is a key element in our ability to retain and attract employees.

- City non-property tax revenue estimates are up \$575,000, or just over 7%, offsetting more than half of the proposed increase in expenditures. The growth is driven primarily by an increase in municipal revenue sharing from the State, but we are also seeing higher interest earnings from the City's investments. The budget estimates that Recreation Department revenue will be up about 10% as well, as more people continue their to return to group activities.
- The School budget request totals \$26.8 million, or 2.3% more than FY23. As the School starts to feel the effects of the reduction of COVID-era funding streams, the City is pleased to provide \$145,946 of tax increment financing (TIF) funds to cover the School's FY24 Performing Arts Center debt service obligation, which frees up their budget for other educational needs.
- Brewer's Penobscot County tax bill is increasing by 6.2%, or \$79,943, to over \$1.35 million. This year, the largest increase comes from the Sheriff's Department, which received a 28%, \$1.59 million increase, allowing them to hire five new deputies, among other things. Over the last five years, Brewer's annual County obligation has increased an average of 6.2% per year, or just over \$70,000 annually.

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- The FY24 budget uses sheltered tax increment financing (TIF) revenues to offset almost \$744,000 in economic development-related general fund expenses, including the entire Economic Development Department budget and debt service on eligible state approved projects. These funds have been essential to important tax-base building initiatives such as redevelopment of the Waterfront District and construction of our very popular Riverwalk Trail.
- The Capital Improvement Program (CIP) for FY24 focuses heavily on roads and infrastructure and reflects the significant increase in equipment and construction costs we are seeing across the board as well as the need to make investments now to avoid even larger expense in the future. The CIP includes further investment of TIF funds in the City's waterfront amenities, with a proposed music park and a holiday light installation along the Riverwalk Trail. It also sets aside TIF funds to develop more trail parking and to construct an amphitheater at Indian Trail Park, which will serve to increase the numbers of events at this location.
- The FY24 budget incorporates use of Brewer's American Rescue Plan Act (ARPA) funds. The funds will be used to replace the 34-year-old metal halide lights at Doyle Field with a high efficiency LED system, to replace the City's oldest street sweeper, and to expand the City's annual residential street paving program by 63%. Sewer will get equipment to improve operations at two pump stations and Water will use funds to install a generator at the Rooks Road interconnection, which serves as Brewer's backup water source. Application of the ARPA funds reduces the burden on tax and ratepayers by \$951,639.
- The budget proposes an adjustment to the sewer rate. This year, in addition to the typical pressures from aging infrastructure and increasing regulatory requirements, the Sewer budget saw dramatic jumps in several areas, including sludge disposal and utilities. Almost 90% of its FY24 budget increase is due to sludge costs (up \$212,000 or more than 100%) and electricity (up \$86,000 or 40%). To meet these needs, the Sewer Department is requesting an increase of \$1.25 per 100 cubic feet of usage. This change adds a little over \$5.75 per month to the average household sewer bill.

On another note, the City has been awarded over \$1.48 million in federal grants toward the \$2.1 million cost of the Oak Grove sewer subsystem remediation work required as part of Brewer's regulatory compliance and getting underway soon.

- The FY24 budget anticipates an adjustment in the water rate. This is necessary to pay for debt service associated with two water main replacement projects as well as the purchase of a vacuum excavation truck and hiring of an additional crew member, both of which are needed to meet a new federal lead service line mandate. The Maine Public Utilities Commission governs Maine water rates, and the City plans to submit its adjustment request shortly, which is then followed by a mailing to all water customers as well as a public hearing. We expect rates for metered customers to increase approximately 15%, which would impact the minimum water bill by about \$4 per month, or less than \$1 per week.

In closing, I would like to recognize and thank City department heads, the School Department, and Finance Director Karen Fussell for their dedication and contributions to this document. It is the ongoing efforts of Brewer's management team, with the support of the City Council, that keep our budget accountable, on track, and able to meet the needs of Brewer citizens.

I look forward to discussing the FY24 budget proposal with you.

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Respectfully submitted,

Stephen Bost

Mayor Phanthay praised the efforts of the City Manager and the Finance Director on putting together the budget. Mayor Phanthay said that that budget was responsible and well put together, and that he was very happy with it.

Mayor Phanthay introduced School Superintendent, Gregg Palmer, and the School Business & Finance Director, Gretchen Gardner, to present the Brewer School Budget for Fiscal Year 2024. The School Superintendent read the Fiscal Year 2024 Brewer School Budget Committal Letter into the record.

6.6.2023

Dear Mayor Phanthay, Deputy Mayor Morin, Brewer City Council, and City Manager Bost:

It's a relief to report that the 2022-2023 school year marked a return to full-time, in-person education and that, as we look forward to the 2023-2024 school year, we expect the same to be true. Our FY2024 budget reflects the opportunities and needs of this important period of time in our school system. With this in mind, I can report that the Brewer School Department (BSD) FY24 budget is up 2.3% over FY2023, or \$595,072. The total budget for FY24 is \$26,761,784.

Primary reasons for the increase include sharp increases in energy costs, a new contracted services agreement to clean Brewer Community School (BCS), and negotiated labor agreement increases. As part of this year's budget cycle, the School Department has worked to right size staffing with our student enrollment numbers. Though enrollment remains stable when looking system-wide, we have seen two years of decreased class sizes in Kindergarten along with a trend for smaller 8th grade class sizes from our sending district schools which, taken together, generates lower revenue projections.

The BSD did have an increase in our state subsidy of \$292,313. This, coupled with a proposed increase in city appropriation of \$295,946, comprised of money helping us to off-set ongoing payments on the BCS Performing Arts Center and an additional \$150,000 in appropriation on top of that, got us close to a balanced budget that we were able to achieve through other savings and applying an additional \$115,318 from our carry forward account after using an initial \$ 1,929,326 to help balance the budget, the percent amount recommended by the Maine Department of Education based on our total carry forward account.

Outside of the school budget, we have been able to continue working on an alternative, hybrid remote/in-person learning program using grant money, along with a grant to create internships (called extended learning opportunities) through partnerships with area businesses and the Eastern Maine Development Corporation. Our current student enrollment in these programs are capped only due to staffing limitations.

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Additionally, also outside of the school budget, we have a grant from the State of Maine, to have a forestry and outdoor education summer program at the Katahdin Iron Works, using land through an agreement with the Appalachian Mountain Club and a partnership with co-grant recipient the Maine Tree Foundation, that will give a few dozen students the opportunity to earn credits toward graduation and develop valuable skills.

No grant lasts forever, of course, and we are seeking ways to lower potential budget impact for any program we look to maintain inside our school budget in the future.

Thanks to the Brewer School Committee for their attention to our schools' needs and the difficult conversations that were required as we worked to make hard choices in this budget cycle based first and foremost on our students' needs. Also, thank you to the Brewer Education Association for their open dialogue during the budgeting process. Finally, a sincere thank you to the City of Brewer for their assistance in this budget. We spoke multiple times with City Manager Bost and Finance Director Fussell without whose support we would not have been able to get to this final budget which maintains strong schools and programming.

Below are the highlights from the FY24 Budget:

- Brewer Community School
 - Contracted cleaning services with Sweep & Slate
 - Addition of three (3.0) educational technician I's
 - Reduction of one (1.0) Kindergarten teaching position
 - Addition of one (1.0) elementary level social and academic support teacher
- Brewer High School
 - Addition of one (1.0) educational technician I
 - Reduction of one (1.0) grant funded social worker
 - Addition of one (1.0) social worker contracted through a local agency
 - Piloting a grant funded summer forestry & outdoor education semester [outside of the FY24 budget]
- Alternative Education
 - Adding one (1.0) teacher, using grant funding, for our local remote learning pilot program [outside of the FY24 budget]
- District-Wide
 - Contractual salary increases (2% and steps)
 - Reduction of one (1.0) librarian position
 - Increase of special education contracted services (speech, occupational & physical therapy, psychological services)
 - Increased energy costs
 - Current reduction in out of district special education placement costs

Another healthy School Department budget is being presented this evening that will allow us to meet anticipated needs for the 2023-2024 school year and set us up to support our students into the future. We

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stand ready to take advantage of every opportunity as we work together to weather any and all future challenges.

Sincerely,

Gregg Palmer, Superintendent

Councilor Goss praised the Superintendent and the Business & Finance Director saying that they had met their needs while staying within their means. Mayor Phanthay noted the grant programs that the School Department had taken advantage of affording Brewer students additional opportunities.

Public Comments

There were no comments from the public.

C. Consent Calendar

There was no consent calendar.

D. Monthly Reports

There were no monthly reports.

E. Nominations, Appointments, Elections

There were no nominations, appointments, or elections.

F. Unfinished Business

There was no unfinished business.

G. New Business

There was no new business.

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H. New Items with Leave of Council

There were no new items with leave of council.

I. ADJOURN

ACTION: Councilor Goss moved that the meeting be adjourned. Councilor Ferris seconded the motion. Mayor Phanthay declared the meeting adjourned, unless doubted, at 6:22 P.M.

ADJOURNED, ATTEST: _____ Vincent P. Migliore
City Clerk

A TRUE COPY, ATTEST: _____ Brewer, Maine